AGENDA

MILWAUKIE CITY COUNCIL WORK SESSION
FEBRUARY 21, 2006

MILWAUKIE CITY HALL
Second Floor Conference Room
10722 SE Main Street

WORK SESSION – 5:30 p.m.

A light dinner will be served.

Discussion Items:

	Time	Topic	Presenter
1.	5:30 p.m.	Board and Commission Interviews: • Ed Zumwalt, Library Board • Greg Chaimov, Library Board • Scott Churchill, Design & Landmarks	
2.	5:50 p.m.	Rescheduling of July 4, 2006 Council Meeting	Mike Swanson
3.	6:00 p.m.	Regional Committee Assignments	Group
4.	6:10 p.m.	Street Funding Options	Mike Swanson
5.	6:45 p.m.	Adjourn	

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the
- Executive Session: The Milwaukie City Council may go into Executive Session pursuant to ORS 192.660. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.
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TO: **MAYOR AND CITY COUNCIL**

FROM: **MIKE SWANSON, CITY MANAGER**

DATE: **FEBRUARY 10, 2006**

RE: **ROAD FUNDING STUDY FOR DISCUSSION AT FEBRUARY 21, 2006 WORK SESSION**

ACTION REQUESTED

The action requested is direction from the Council with regard to various funding alternatives for City roads.

BACKGROUND

The City's revenues are not adequate to provide even a basic level of maintenance for the City's road system. An April 5, 2005 work session presentation by City staff demonstrated this fact. It has been estimated that additional revenue of approximately $600,000 per year would be required to provide basic maintenance. However, the City's Streets/State Gas Tax Fund's major revenue—the State Gas Tax—does little to reach that requirement. During FY 2002-2003 the actual revenue from the State Gas Tax was $896,932; during FY 2003-2004 actual revenue was $833,699; during FY 2004-2005 actual revenue was $987,409; and the proposed revenue from the State Gas Tax is $969,339 for FY 2006-2007. Increases do not provide sufficient growth to reach even the basic maintenance level, and predictions of more conservative use of fuel in the face of price increases do not provide much hope.

It is increasingly apparent that the City will have to initiate a funding mechanism of its own if the transportation infrastructure is to be protected. There are a number of options available. For example, the City presently funds the cost of street lights from its Streets/Gas Tax Fund. The amount required has been growing annually, from an actual expenditure of $284,657 in FY 2002-2003 to a requested budget of $367,500 for FY 2006-2007. Revenues from the State Gas Tax increased 8% since FY 2002-2003, while the amount required to operate street lights increased by 29% during the same time period.[1] The PGE franchise fee is set at 3.5% of total revenue within the City, which is proposed to raise

[1] In both cases the FY 2002-2003 number is an audited number, and the FY 2006-2007 is a proposal.

$699,210 during FY 2006-2007. The City could enact a privilege tax of up to 1.5% of total PGE revenue within the City, which would raise an estimated $299,661, or about half of what would be needed for basic maintenance.

Two additional options are a road user fee or a property tax levy. The latter could be through a special levy designating the uses and limiting the time during which it could be collected to no more than five years. It could also be through an increase in the levy of the permanent rate. Both would require a vote.

I am not requesting authorization to place a measure on the ballot or to otherwise implement a funding mechanism. Rather, I am requesting Council direction to staff to prepare a recommendation for presentation by July 15, 2006. The recommendation shall include a recommended financing alternative, an analysis of the revenue required, and projects that will be undertaken. The recommendations shall also include input from each of the City's Neighborhood Associations, the Citizens' Utility Advisory Board, and the citizen members of the Budget Committee.

To: Mayor, City Council

Through: Mike Swanson, City Manager

From: Paul Shirey, Director of Engineering
F. Kelly Somers, Director of Public Works Operations

Subject: Pavement Management System Report and Budget Options

Date: March 17, 2005 for the April 5, 2005 Work Session

Action Requested

Consider options for various street-funding and maintenance levels based on the Pavement Management System analysis. Direct staff to pursue options to adequately fund the street improvements needed to reach our objective.

Background

In June of 2004 the City of Milwaukie contracted with Engineering Information Services, Inc. of Salem, Oregon to provide pavement management technical services for the City of Milwaukie. The scope of the effort includes conducting a visual pavement assessment of each City Street and calculating the impact of various funding levels on the pavement conditions of the street network.

Our consultant used a software program developed by the Metropolitan Transportation Commission (MTC), called the Pavement Management Program (PMP) to do the evaluation. The program develops a maintenance strategy to improve the overall condition of the streets.

The program uses a numerical value to describe the condition of each street. Using a 0 to 100 scale, with 100 being the most favorable and 0 being least favorable. Currently, the City's average rating is 67. This program strives to develop a

maintenance strategy that will improve the overall condition of the streets to the mid 80's and then maintain it at that level.

This pavement management report is intended to assist the City of Milwaukie with identifying street maintenance priorities. The City's street network replacement values, currently estimated at $65 million, represents a significant asset for the City to manage. This asset valuation assumes replacement of the entire street network at today's dollars.

Our consultant will present several different maintenance options along with the financial impact for Council consideration. This system is a valuable tool that will assist the City in prioritizing funding for street improvements and help the community understand the level of investment needed for the city street network.

Concurrence

Operations, the Street Division, and Engineering have worked together to manage the study up to this point.

Fiscal Impact

The cost of the Pavement management budget options report was $15,500 and was included in the 2003-04 Street Fund budget. The study at this point has not resulted in any fiscal impact to the City. The fiscal impacts are identified for each of the options presented.

Work Load Impacts

Staff workload has been minimal to this point, once an option is selected and funding is provided it will require engineering staff time to design and administer the projects.

Alternatives

1. Choose a street funding and maintenance option
2. Suggest an alternative approach
3. Do nothing

“State of the Pavements”

City of Milwaukie

April 5, 2005

Street Infrastructure
70.06 centerline miles and
138.60 lane miles

Functional Classification	Total Miles
Arterial	4.06
Collector	11.81
Residential	54.18
Total	70.06

What is
A Pavement Management Program

- It's a Method of how to cost effectively manage a street system.
- It's a planning tool to aid in the decision making process.
- Pavement Deterioration Model
- Cost Benefit analysis tool.

What is a Pavement Condition Index (PCI)

- Rating of the pavement condition
- Scale Ranges from 0 to 100
- High PCI values indicate better pavement condition

Planning Components
Budget Analysis

- Budget Needs (No Fiscal Constraints)
- Budget Scenarios
- Demonstrate Quantified Deficiencies for Current and Future fund allocations
- Turn Results into Action

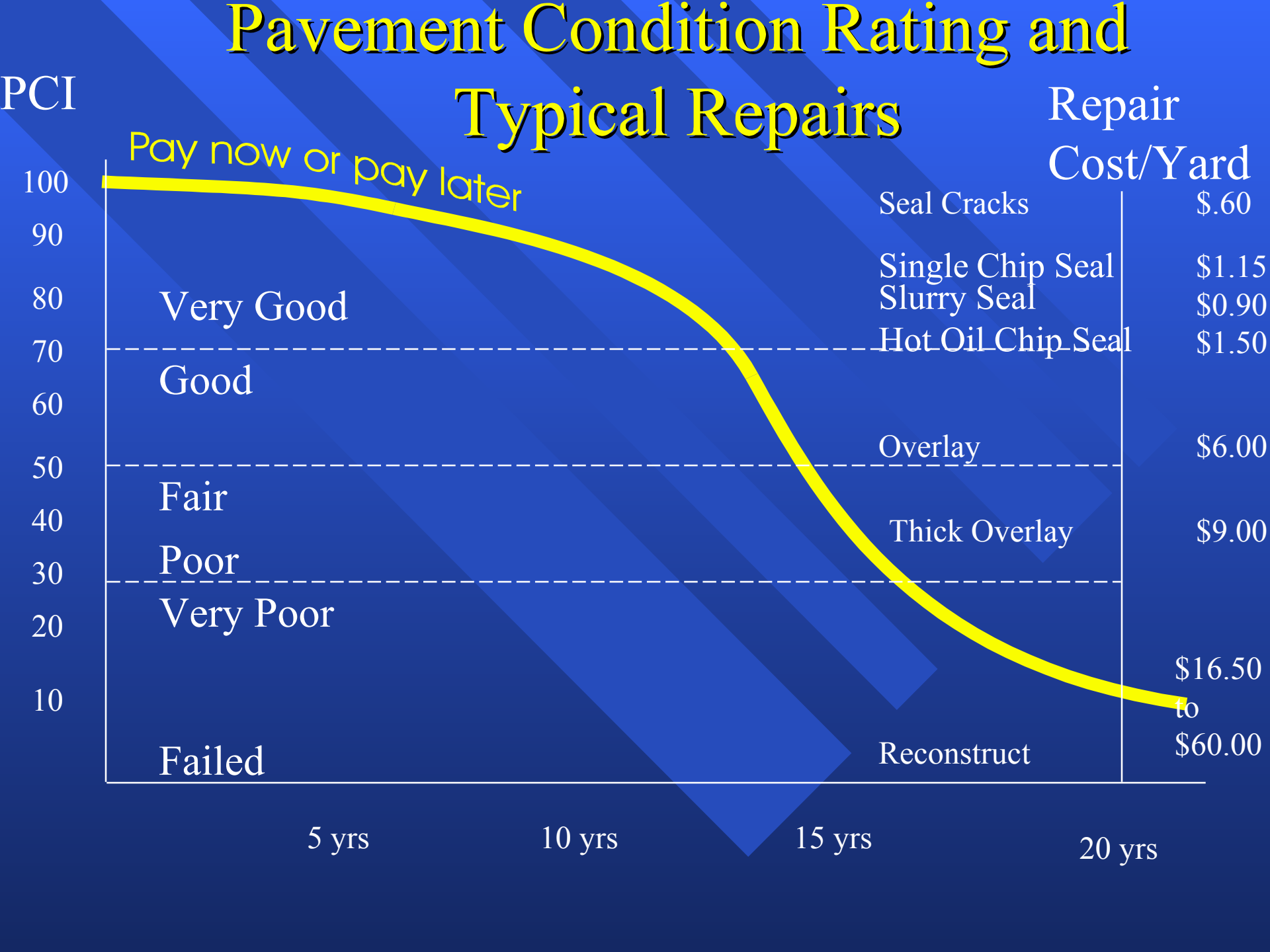
GASP 34

- Inventory of Infrastructure Assets
- Regularly Assess Conditions, Using a Scale
- Each Year Estimate annual cost for Maint.
- Condition Level Should be Expressed in Categories or a Condition Index

Why do I need a Pavement Management System?


Here's why I need a Pavement Management System!

Pavement Condition Rating and Typical Repairs



Current Street Condition
Network PCI is 67 or in Good Condition

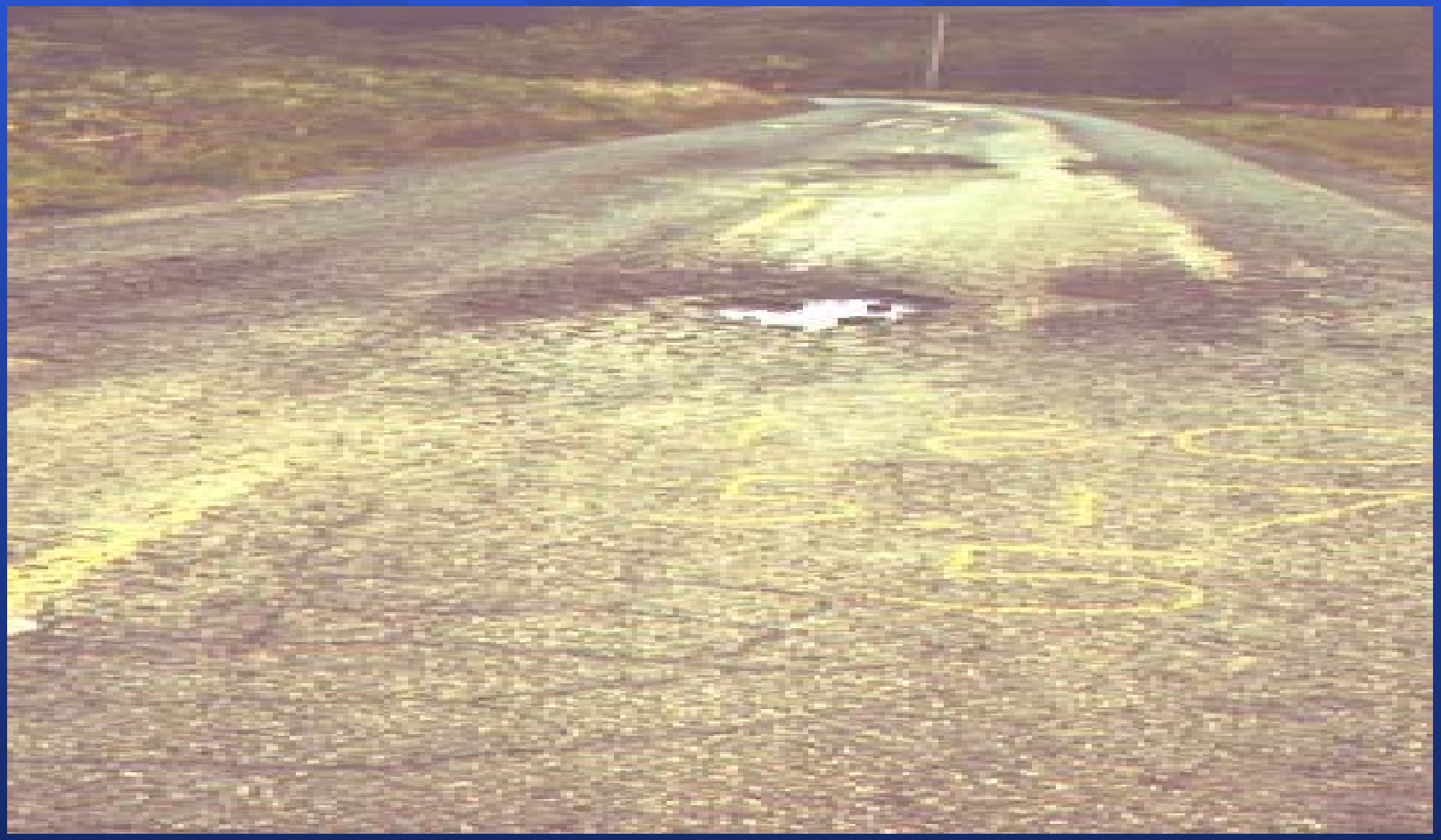
- Good Condition — 60%
- Satisfactory — 17%
- Fair — 15%
- Poor — 7%

Very Good Street Condition

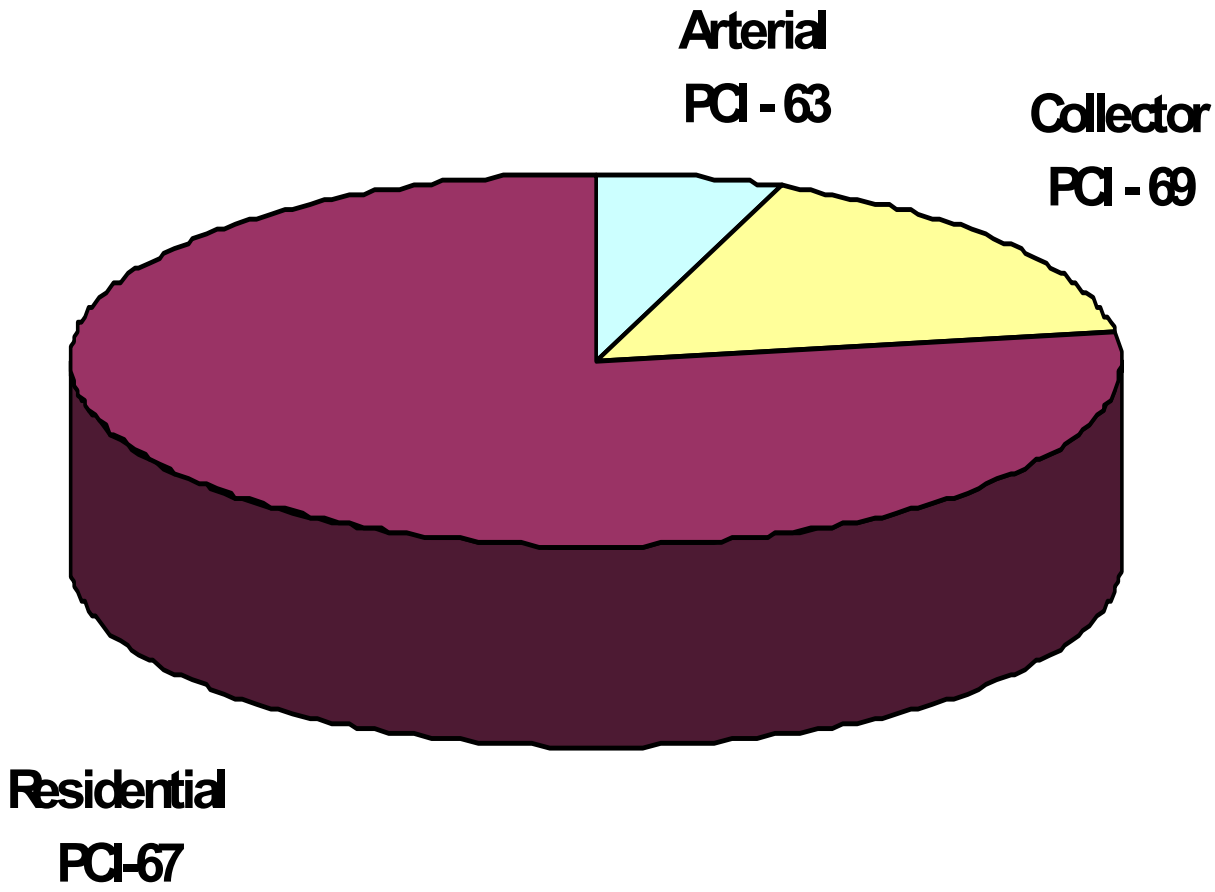
Satisfactory Street Condition

Fair Street Condition

Poor Street Condition



Network Average PCI by Functional Classification



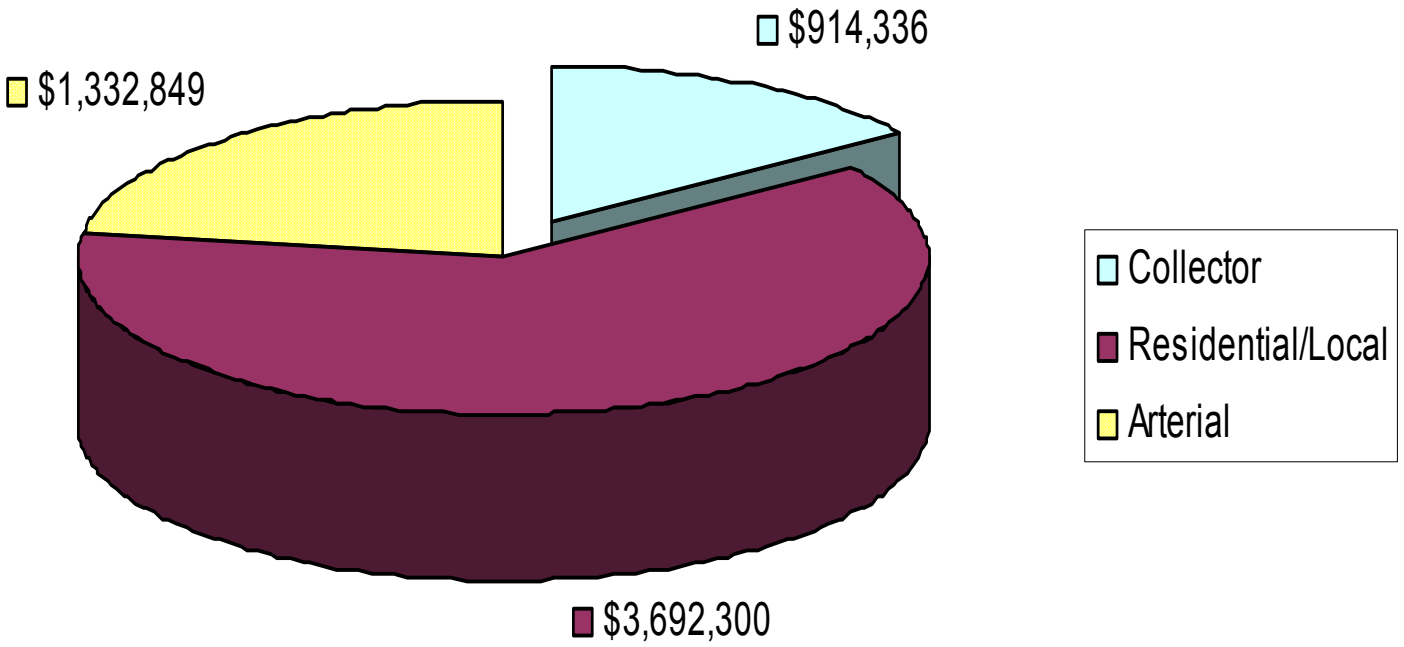
Streets maintained in a good to excellent condition

- “Cost significantly less to maintain than allowing them to deteriorate through to a poor and failed condition”!

Needs Analysis

Total Funding Estimate		$5.9 Million
Good Street	9%	Approx. $634 Thousand
Satisfactory	7%	Approx. $331 Thousand
Fair Poor	84%	Approx. $4. 9 Million

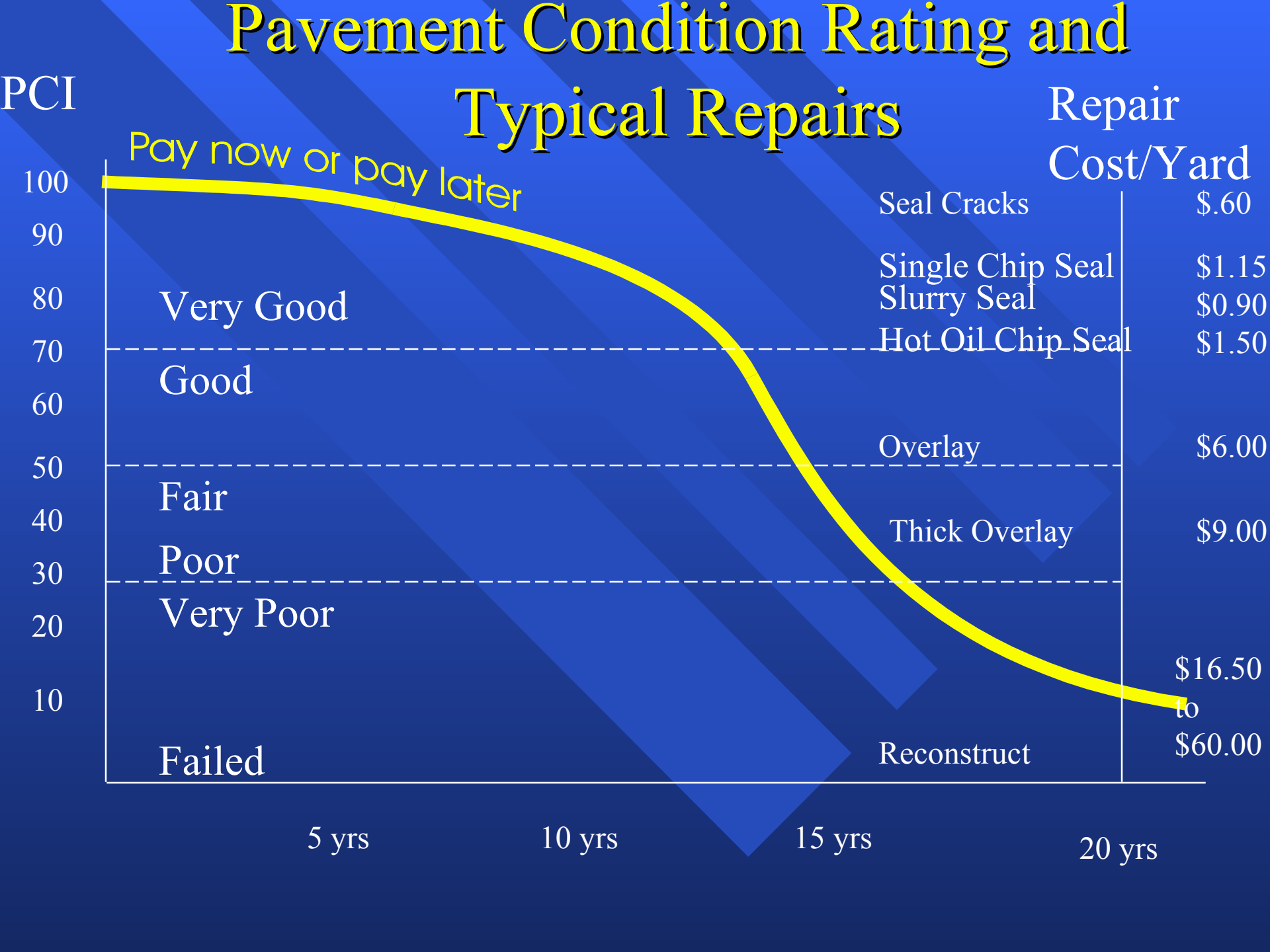
Budget Needs Distribution by Functional Classification



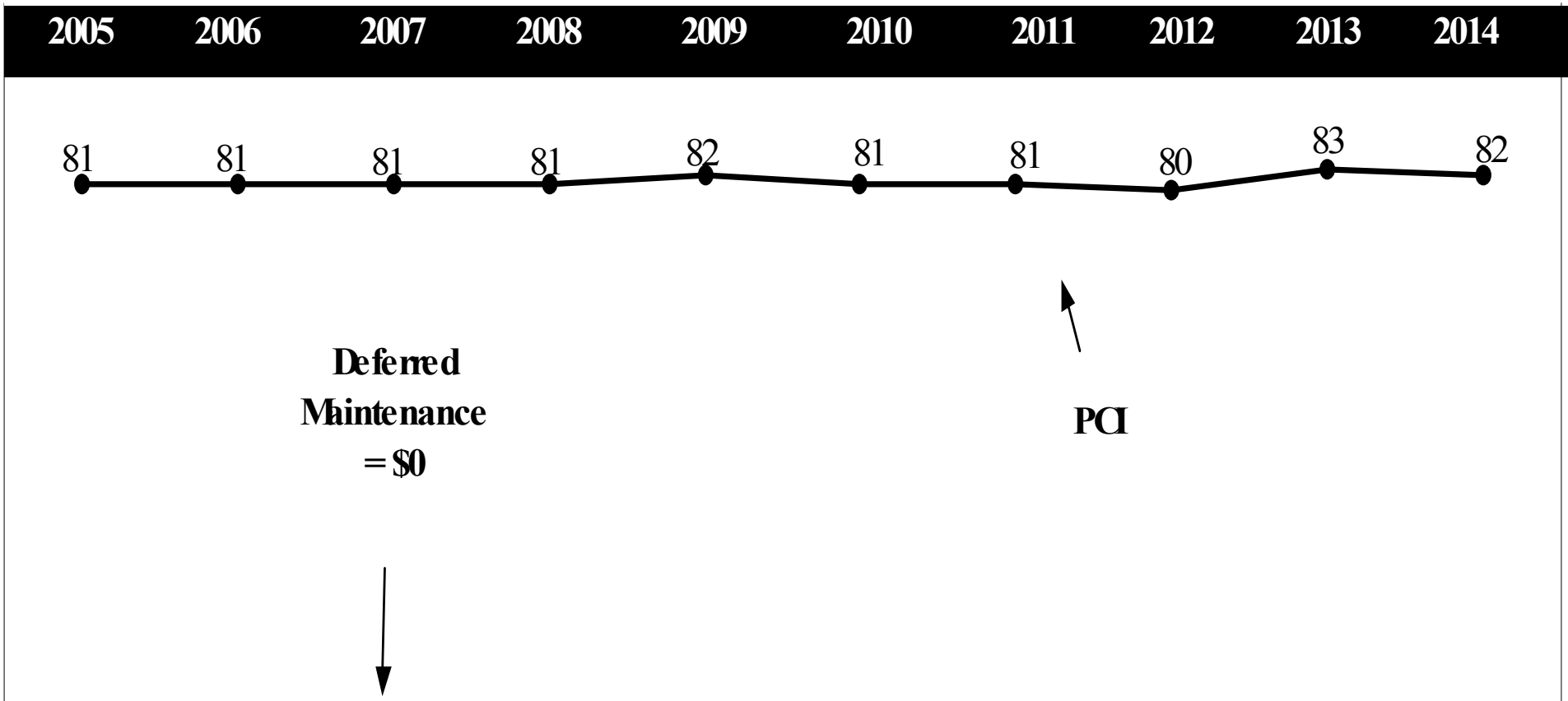
Budget Scenarios Investment Levels

- Scenario 1: Unlimited Budget $5.9 Million
- Scenario 2: Unlimited Budget $5.9 Million
  - Equal Budget Distribution
- Scenario 3: Current Funding $1.2 Million
- Scenario 4: Recommended Funding $3.6 Million

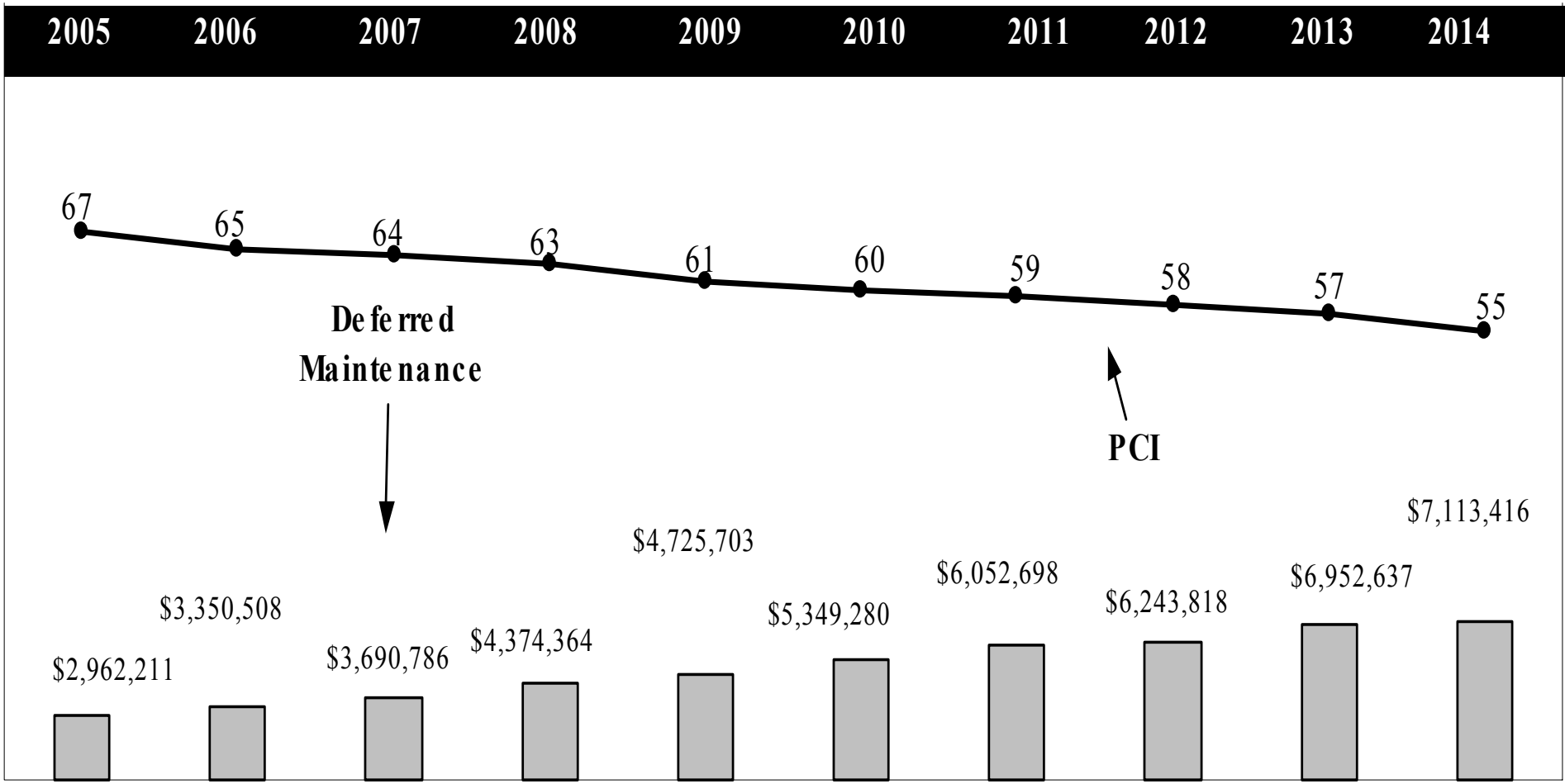
Pavement Condition Rating and Typical Repairs



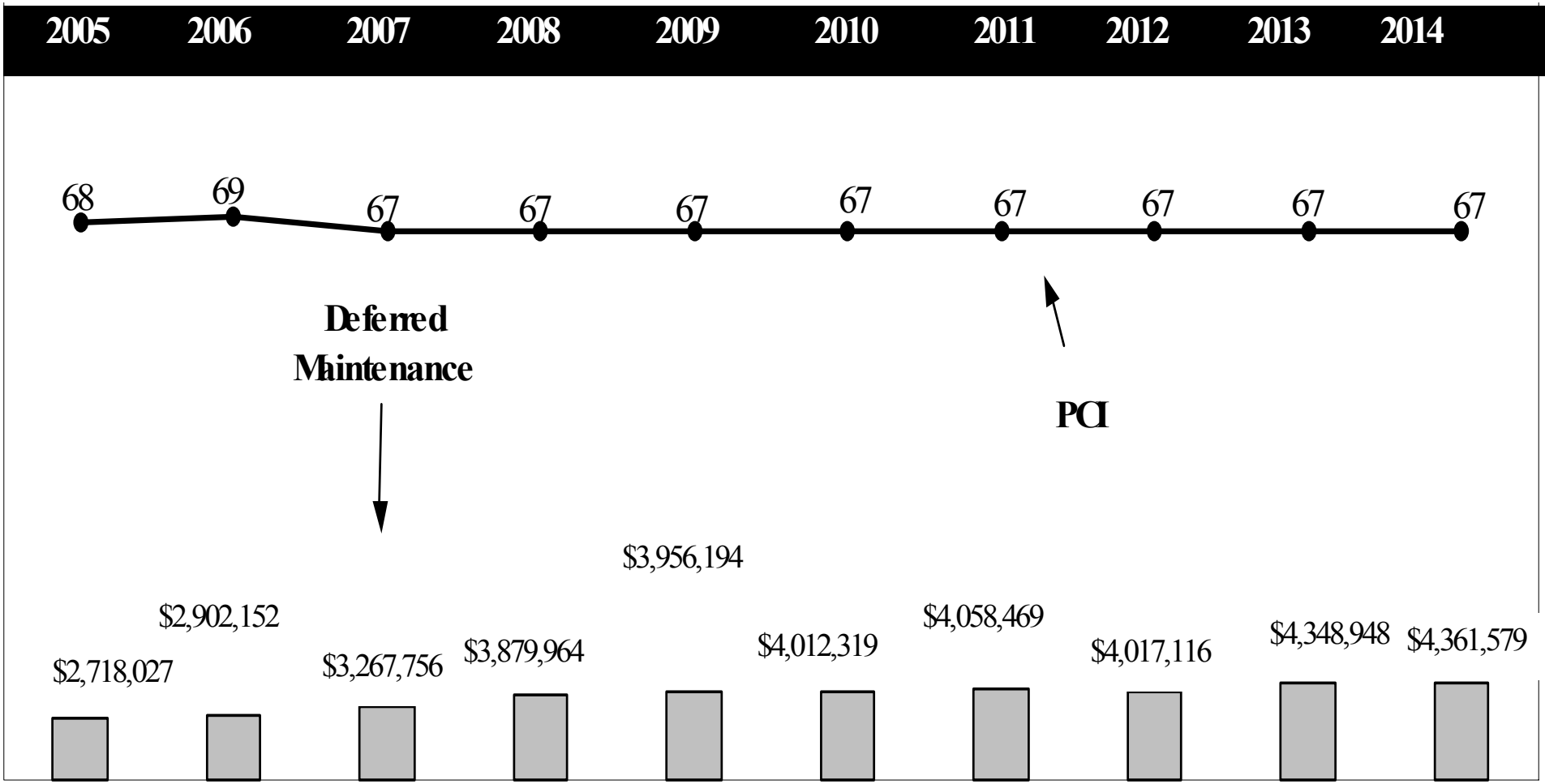
Unlimited Investment Level $8.5 Million Over a Ten Year Period



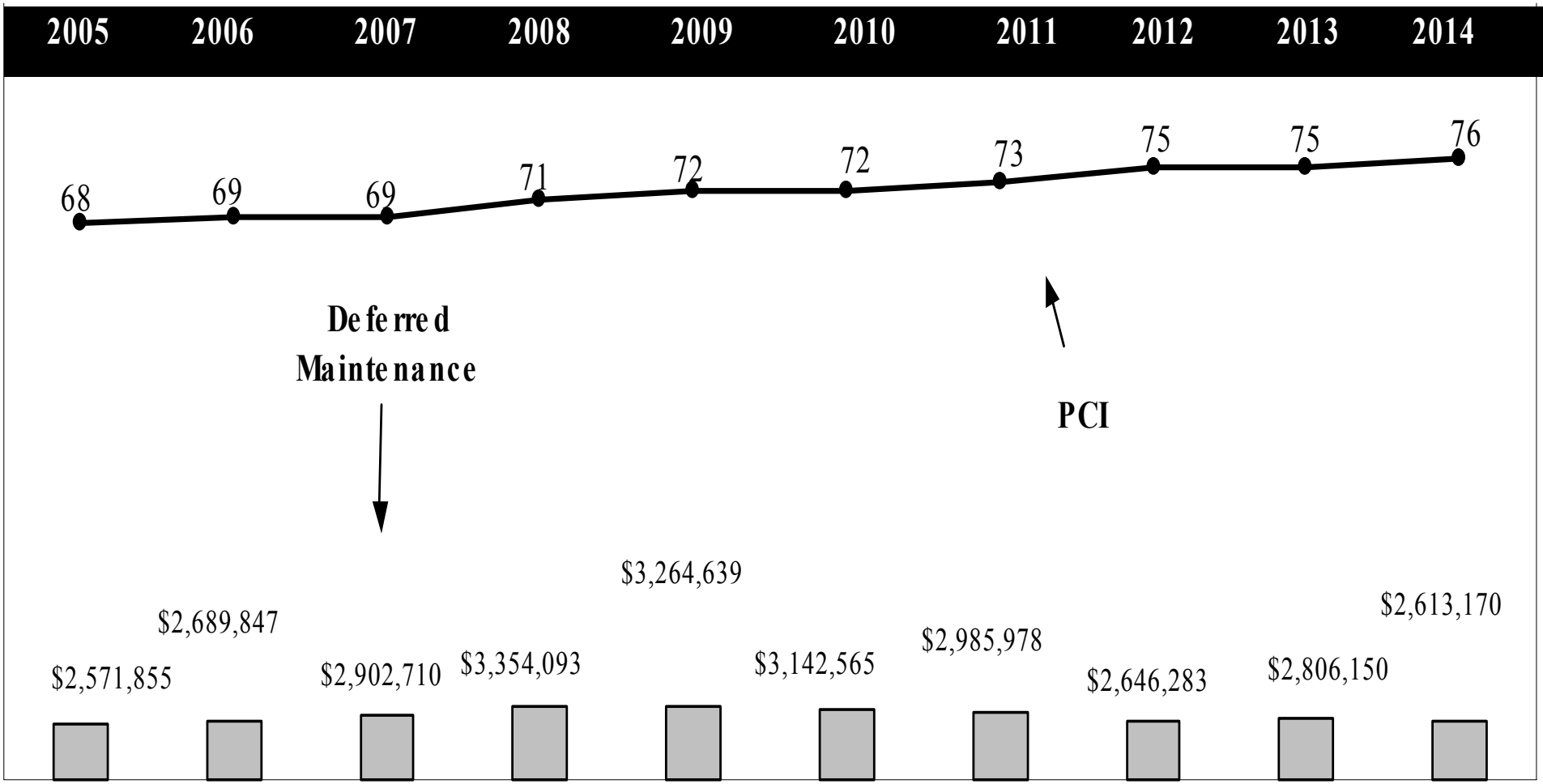
Current Investment Level $200,000 Per Year for Ten Years



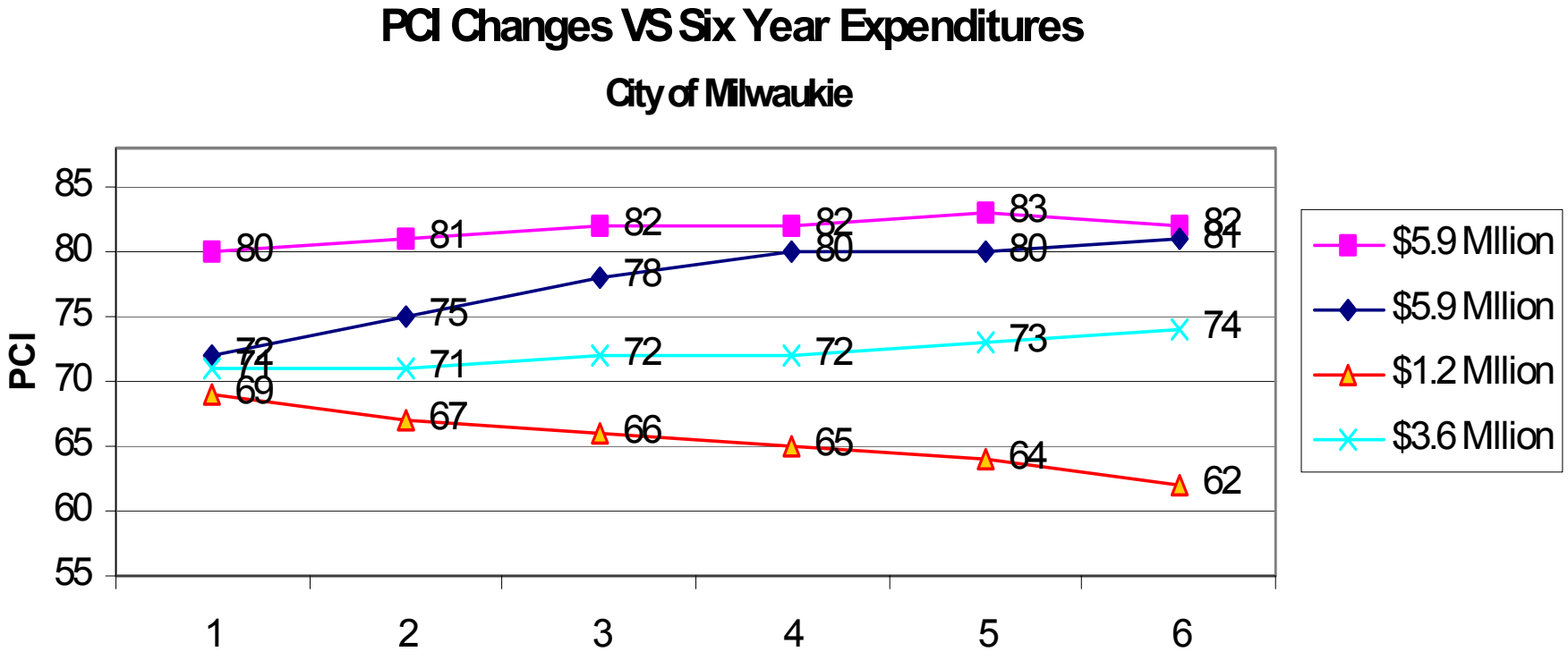
Maintain Current Pavement Condition Index Investment Level $450,000 Per Year for Ten Years



Recommended Investment Level
$600,000 Per Year for Ten Years



PCI Change vs Expenditures



2005 Recommendations

- Pursue Additional Funding
  - General Fund
  - Local Maintenance Access Fee
- Develop Investment Level (Funding Package)
- Develop Three Year Plan
  - Measurable Out Come
- Other Considerations

Pavement Condition Rating and Typical Repairs